

## Message Text

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PAGE 01 MANAGU 03365 261601Z  
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 EB-08 TRSE-00 STR-07 OMB-01 CEA-01 FRB-03  
XMB-02 OPIC-03 LAB-04 SIL-01 /103 W  
-----066032 271734Z /44

R 252024Z JUL 78  
FM AMEMBASSY MANAGUA  
TO SECSTATE WASHDC 7228  
USDOC WASHDC  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY MEXICO  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALP

C O N F I D E N T I A L MANAGA 3365

E.O. 11652: GDS  
TAGS: PINS, ECON, EFIN, EINV, NU  
SUBJECT: DECREASE IN ACTIVITIES OF U.S. BANK IN NICARAGUA

1.AMCIT EXECUTIVE OF AMCORP CITIBANK'S BRANCH IN MANAGUA HAS APPROACHED AMB CONCERNING POSSIBLE DECREASE IN BANK'S ACTIVITIES IN NICARAGUA DUE TO CURRENT POLITICAL SITUATION. EXECUTIVE INDICATED THAT LATIN AMERICAN DIVISION IN NEW YORK CITY HAD REVIEWED BANK'S ACTIVITIES IN NICARAGUA AND WAS CONTEMPLATING A GRADUAL DECREASE IN THE BANK'S EXPOSURE IN NICARAGUA DUE TO POLITICAL TRENDS IN THIS COUNTRY. CITIBANK MANAGUA APPROACHED EMBASSY FOR FURTHER INFORMATION ON CURRENT AND FUTURE POLITICAL SITUATION IN ORDER TO CHALLENGE DECISION BY NEW YORK. CITIBANK'S PRESIDENT EXPOSURE IN NICARAGUA IS APPROXIMATELY \$113 MILLION \$55 MILLION OF WHICH IS LOANED WITHIN THE PUBLIC SECTOR. CITIBANK MANAGUA INDICATED THAT NO DEFINITE PROGRAM, TIME SCHEDULE, OR ULTIMATE EXPOSURE LEVEL HAS AS YET BEEN FORMULATED BY THE BANK. NEW YORK'S  
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REEXAMINATION OF THE BANK'S ACTIVITIES SEEMS TO HAVE BEEN BASED ON EXTRAPOLATION OF POLITICAL TRENDS IN NICARAGUA AND PERCEIVED ANALOGIES BETWEEN THIS COUNTRY AND OTHER LATIN AMERICAN COUNTRIES WHICH HAVE SUFFERED SEVERE POLITICAL CRISES DURING THE PAST FEW YEARS, ESPECIALLY CUBA. EXECUTIVE SAID, HOWEVER, THAT ALTHOUGH HE DID NOT NECESSARILY AGREE WITH NEW YORK'S POLITICAL ANALYSIS, HE

WAS INCLINED TO ADVISE A MODERATE DECREASE IN BANK'S EXPOSURE DUE TO CURRENT ECONOMIC DIFFICULTIES FACED BY GON.

2. COMMENT: CITIBANK IS THE FIRST AMERICAN FIRM WITH DIRECT INTERESTS IN NICARAGUA WHICH HAS APPROACHED THE EMBASSY ABOUT A POSSIBLE REDUCTION IN ITS ACTIVITIES DUE TO THE CURRENT POLITICAL SITUATION. THIS CASE IS INTERESTING SINCE THERE IS APPARENTLY A DIFFERENCE OF OPINION ON THE ISSUE BETWEEN CITIBANK'S MANAGEMENT WHICH IS "ON THE SPOT" HERE IN MANAGUA AND THE LA DIVISION IN NEW YORK, THE CHIEF OF WHICH HAS NEVER VISITED NICARAGUA. HOWEVER, LOCAL EXECUTIVE SAYS CHIEF OF LA DIVISION HAS NUMEROUS CONTACTS IN DEPARTMENT AND ON THE BASIS OF THESE CONTACTS HE CONCLUDED THAT NICARAGUA IS HEADED FOR A REVOLUTION AND COMMUNIST TAKEOVER. IF CITIBANK, WHICH HAS THE LARGEST EXPOSURE OF ANY AMERICAN BANK IN NICARAGUA AND WHICH HAS CONCENTRATED ON DEVELOPING CORPORATE CUSTOMERS, WERE TO MAKE AN OBVIOUS AND HASTY REDUCTION IN ITS ACTIVITIES IN THIS COUNTRY, THERE WOULD NO DOUBT BE A STRONG REACTION WITHIN BOTH THE FOREIGN AND DOMESTIC COMMERCIAL/INDUSTRIAL/FINANCIAL SECTORS. A PERCEPTION OF WITHDRAWAL OF AMERICAN FINANCIAL INTERESTS COULD ONLY ADD TO THE ECONOMIC UNCERTAINTY NOW FELT IN NICARAGUA.

3. EMB SUBSEQUENTLY LEARNED FROM OTHER SOURCES THAT CITIBANK PLANS TO REDUCE ITS NICARAGUAN PORTFOLIO BY APPROX-  
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IMATELY \$10 MILLION (E.E., 8.8 PERCENT OF ITS TOTAL EXPOSURE) IN THE NEAR FUTURE.

4. EMB ADVISED CITIBANK EXECUTIVE THAT IT DOES FORESEE CONTINUING POLITICAL INSTABILITY AND SOME VIOLENCE BUT, AT THIS TIME, THE PROSPECT OF A COMMUNIST TAKEOVER IS VERY REMOTE. EMB URGED CITIBANK NOT TO ACT PRECIPITATELY AND HOPED BUSINESS DECISIONS WOULD BE BASED ON SOUND POLITICAL APPRAISAL.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, BANKS, BANK DATA  
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**Draft Date:** 25 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Subject:** DECREASE IN ACTIVITIES OF U.S. BANK IN NICARAGUA  
**TAGS:** PINS, ECON, EFIN, EINV, NU, US  
**To:** STATE COM  
**Type:** TE  
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